

A photograph of an older couple walking away from the camera on a sandy beach. The woman is on the left, wearing a dark sleeveless top and light shorts, carrying a bag. The man is on the right, wearing a light-colored short-sleeved shirt and shorts. They are walking towards the ocean where waves are breaking. The sky is a mix of orange and blue, suggesting sunset or sunrise. The overall image has a soft, slightly faded appearance.

Enhancing Your Pension

Earning and Purchasing Service Credit

About the Office of Retirement Services

The Office of Retirement Services (ORS) administers retirement programs for Michigan's state and public school employees, judges, and state police. Our vision is to provide fast, easy access to complete and accurate information and exceptional service for our more than half million members.

About This Publication

The intent of this publication is to summarize basic plan provisions under Michigan's Public Act 300 of 1980, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern.

Enhancing Your Pension

**Earning and Purchasing Service Credit
in the Public School Employees Retirement System**

January 2005



Office of Retirement Services
State of Michigan

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I.

Service Credit and Your Pension

As a member of Michigan's Public School Employees Retirement System, you accumulate service credit when you work for a participating public school.

Service credit is important, because your *eligibility* for your pension depends on how many years of service you have. If you're in the Member Investment Plan (MIP), you will qualify for a pension as early as age 46 if you have 30 years of service, or age 60 with 10 years (under certain circumstances, MIP members qualify at age 60 with 5 or more years of service).

MIP Pension Eligibility

46 Age **with 30** Years of Service **OR** **60** Age **with 10** Years of Service

Basic plan members will qualify for a pension at age 55 with 30 years of service or at age 60 with 10 years of service.

Basic Plan Pension Eligibility

55 **with** **30** **OR** **60** **with** **10**

Age **Years of Service** **Age** **Years of Service**

In addition, your pension *amount* is calculated using your years of service. Whether you are a Basic Plan or MIP participant, your annual pension will be your final average compensation multiplied by 1.5 percent times your years of credited service.

The Pension Formula

FAC **x** **1.5%** **x** **YOS**

Final Average Compensation **Pension Factor** **Years Of Service**



SERVICE CREDIT DETERMINES ELIGIBILITY AND PAYMENT AMOUNT

Mary Jo is 60 years old. She has worked for a public school for 24 years, earning around \$35,000 each year for the last several years.

Mary Jo is *eligible* for her pension because she meets the age and years of service eligibility requirements.

Mary Jo's yearly pension *amount* will be $\$35,000 \times 1.5\% \times$ her 24 years of service.

Different eligibility rules apply, depending on whether you are a Basic Plan or MIP member. To find out how much service credit you'll need or to compare differences between the two plans, see Appendix A–Retirement At A Glance and Appendix B–MIP and Basic Plan comparison. Specifics can also be found in other ORS publications listed at the end of this booklet.

In this book, we explain how you earn service credit while working for a Michigan public school, as well as how you might be able to have other qualifying service count in your public school service credit totals. You will find eligibility and cost information on the different types of service credit you can transfer or purchase. We also include details on how to initiate a purchase, and the different ways you can pay for the service credit.

II.

Getting Credit for Your Work

This section explains how service is credited to your employment record, whether earned or purchased. If, after reading this section, you decide you'd like to purchase additional service credit to boost your pension amount (or to become eligible earlier), you'll find details on the different types and ways to pay in subsequent sections.

How You Earn Service Credit

Your ***service credit*** reflects the number of hours you have worked for a Michigan school that participates in the Public School Employees Retirement System. Participating schools are also known as ***reporting units***, because they report your hours, compensation, and contributions to the Office of Retirement Services (ORS). In turn, we at ORS maintain these service records so that we can pay your pension when you are eligible.

You receive credit for teaching or nonteaching, full-time or part-time work, and for permanent, temporary, intermittent, or substitute employment. You also receive credit for used vacation and sick leave, short-term disability payments which flow through your school's payroll system, and weekly workers' compensation payments you received after July 1, 1992. You do not earn credit while receiving long-term disability payments.



service credit
reporting unit

Per pay period caps apply.

In general, you earn one year of service when you work 1,020 hours within the July 1 through June 30 school fiscal year. You can earn no more than one year of service credit in any given school fiscal year, and no more than 30 hours can be credited in a one-week period.

For instance, administrative staff may work 2,080 hours a year, but will be limited to one year of service credit because the annual cap is 1,020 hours.

PERIOD	HOURS	CREDIT
Weekly	30	.0294
Biweekly	60	.0588
Semimonthly	72	.0706
Monthly	138	.1353
Quarterly	396	.3882
Annually	1,020	1.000

If you work less than full-time.

If you don't work a full school year or if you're considered part-time because you don't work a typical school day, you will earn proportional credit. See the chart below to see how service credit is earned for a variety of school work schedules, after considering the caps.

DAYS WORKED	HOURS PER DAY	HOURS CREDITABLE	SERVICE CREDIT EARNED
17	6	102	.1
34	6	204	.2
68	6	408	.4
85	6	510	.5
119	6	714	.7
51	4	204	.2
102	4	408	.4
153	4	612	.6
260	4	1,020	1.0




member statement

Reviewing Your Annual Member Statement

Once a year, ORS will send you a **member statement** showing your accumulated service credit, both earned and purchased, as well as pending purchases, interest, and other contributions.

Carefully review your statement for accuracy by comparing it to the previous year's statement. Be sure to keep your statements with your important papers because statements from previous years cannot be reproduced.

**2004 Member Statement**
Public School Employees Retirement System

John Smith
Michigan Public Schools
1234 School Lane
Lansing, MI 48909

MIP Plan
Birth date 6/10/1970

Your statement

This statement reports the wage, service, and contribution amounts credited to you during the 2003-2004 school fiscal year as reported by your employer to the state of Michigan, Office of Retirement Services (ORS).

Your totals on account as of June 30, 2004

Wages Your 2003-2004 fiscal year wages reported to ORS are \$27,200.

Service Credit	July 1, 2003 June 30, 2004	
	Account Totals	
Earned Service Credit:	1,000	1,491.7
Purchased Service Credit:	0.0	0.0
	Total	2,491.7
Pending Service Credit:		.6993

The *service credit* box above shows the service credit you have earned working for a Michigan public school for the fiscal year as well as your service credit account total. One year of service is credited after you have worked 1,020 hours (subject to limits). No more than one year of service may be credited in a school fiscal year. Your account total also includes any service credit that you may have purchased. Some types of service credit purchases do not count toward your total service credit until you are vested (10 years of service). Service that is not credited in your totals is listed as pending.

For more information on how you may be able to enhance your pension benefits with additional service credit, go to the ORS website.

Contributions and Interest	
July 1, 2003 June 30, 2004	
Account Totals	
MIP Contributions	1,014.87
MIP Interest	25.13
Other Contributions	1,300.00
Interest	1.00
Total	\$ 3,341.38

The *contributions and interest* box above shows both fiscal year and account totals of any MIP contributions, personal contributions (post-tax contributions, service credit purchases and plan-to-plan transfers), and interest earned. If you were a member of the Basic Plan before it was fully employer-funded, any post-tax personal contributions made during that time are also included in your total above.

Your personal contributions remain on deposit with the retirement system throughout your career to fund your future pension benefit. You can withdraw your personal contributions if you leave employment and are not eligible to receive benefits.

Adding to Your Service Credit

As you know, the longer you work the higher your pension will be.



But there are other ways to increase the years of service factor in your pension calculation. Service credit for certain other employment may be granted or transferred. Service credit may be purchased. And service credit may be restored if you withdrew your personal contributions to the system after a previous period of employment and want to repay the full amount withdrawn, with interest.



active member

Each type of service credit has specific rules, costs, and applications, which we describe by type in the next section. Before you dig into the details though, read the following tips so you're ready to make what can be a complicated—and costly—decision.

- ***You must be an active member.*** Any service credit purchase or transfer must be completed while you are an **active member**—that is, while you are still employed by a participating public school system. Credit can never be purchased after you've stopped working within the retirement system.

You remain an active member while laid off for a maximum of one year or on an approved leave of absence as long as an employee-employer relationship exists. (You may be asked to provide verification of your approved leave of absence.) If you work as a substitute employee, you are only considered an active member on the actual days you are working.

- ***Figuring your cost.*** The cost for your service credit may be based on a flat percentage rate, an actuarial rate, or a combination of contributions and interest. Where possible, we give you details and examples so you can estimate your cost, but for some types of credit the calculations are too complicated. You can always get an actual cost by sending ORS an application or request a "bill" as described in Section IV—How to Purchase Service Credit.



- ***You may need to establish a wage base.*** Purchasing early in your career is usually cheaper. But you can't always do it your first day on the job. That's because the cost for many types of service credit is based on your highest previous school fiscal year earnings. If you had no school wages in the immediately preceding fiscal year, you may have to wait until after July 1. (This is explained further in Appendix D.)
- ***No double-dipping.*** When you get credit for other service, whether granted or purchased, you typically have to give up your rights to any benefit that would have been payable under the other pension system.
- ***You can't buy your way in.*** Unless you plan to retire under one of the age 60 eligibility provisions, you'll need to earn at least 15 years of service credit in this retirement system (transferred state of Michigan service is treated as earned in this system). Most types of service credit have a maximum purchase limit, and most won't count in your pension calculation until you have earned ten years working within this system.
- ***A match may be required.*** Some service credit types have a ***match provision***; you can't buy credit that will exceed the amount of credit you will earn within this system. Say, for example, you worked for an Ohio school for 12 years, and want to purchase that service. You may purchase all 12, but you won't be credited with the service until you've "matched" with 12 years in this system. (If you purchase more than you ultimately earn, we'll refund the excess.)



match provision



vesting
personal
contributions
refund of
contributions

- ***You must be vested for your purchase to count.*** Unless otherwise noted, most purchases won't count in your service credit total until you are ***vested***. You are vested when you have sufficient service to qualify for a future monthly benefit, whether or not you continue working for a public school. Most school employees are vested after the full-time equivalent of ten years.

With few exceptions, purchased service can't count toward your vesting requirement.

Your purchases are personal contributions.

Your payments for service credit are put into a separate account along with any ***personal contributions*** from your earnings prior to July 1, 1977. This account is separate from your MIP contributions. Interest is credited annually on member contributions that have been on deposit for a full school fiscal year.

If you leave public school employment before you've reached the minimum age and service requirement for a pension, you can request a refund of personal contributions. However, if you take a ***refund of contributions***, you forfeit all service those contributions represent. There is no provision for a partial refund, nor can you borrow against your personal contributions. If you die, your personal contributions will be paid to your beneficiary or estate.

Once you are vested, taking a refund of your contributions isn't usually in your best interest.

- You lose *all* corresponding credit for service and probably your eligibility for a pension.
- You must have terminated employment.
- You can't be immediately eligible for a pension.
- You must take a refund of *all* personal contributions.

Weigh your cost versus benefit.

"Buying time" isn't always an easy decision. You have to weigh the costs, which can be considerable, with the benefits. Fortunately, there's a terrific tool to help you decide: our online calculator. Once you know the cost of the credit you're considering, log on to **www.michigan.gov/ors** and navigate to the School Employees Retirement System/Benefit Estimator. You can enter any number of "what-if?" scenarios, and the program will give you an estimate, quickly and easily.

Our online benefit estimator is a great way to see how added service credit would affect your pension.

III. Types of Service Credit

Each type of service credit has its own eligibility rules, special conditions, costs, and application procedure. In this section, we list the various types of service credit that you may be able to purchase or transfer, arranged in most-common to least-common order. We also provide a summary chart in Appendix C–Service Credit Costs and Limits.



■■ UNIVERSAL BUY-IN ■■

Eligibility

Any active member of the Public School Employees Retirement System can purchase up to five years of universal buy-in (UBI) service. It is called universal because it may be purchased without being linked to other service performed outside of public school employment.

Conditions

- You may purchase any fraction of a year increment.
- You cannot use the service in your pension calculation until you meet the minimum vesting requirements.
- UBI credit replaces the following types of service credit that were eliminated from law as of January 31, 1991: juvenile training school employment; community mental health employment; elementary or secondary teacher at a U.S. Armed Forces military base; teacher or administrator of American nationals in overseas public elementary or secondary schools; public or nonpublic student employment; foreign country school service for U.S. personnel or dependents of the U.S. military or U.S. Department of State; teacher with the Job Corps; teacher in a trust/former trust territory; teacher on an Indian reservation; teacher in a foreign country teaching non-U.S. citizens; teacher with the

Merchant Marines; county mental health program employment; employment with a day care/day training program for the handicapped; service with the American Red Cross; Michigan National Guard credit; U.S. Armed Forces Reserve credit; service in the VISTA program; service in the Peace Corps; alternative service to active duty military; and recreation department service jointly funded by a reporting unit and a municipality.

- You may purchase up to five years of UBI service; however this amount is offset by any previous purchase of service that has been eliminated from law as previously listed. For example, if you already purchased two years of U.S. Armed Forces Reserve credit, you could purchase up to a total of three years of universal buy-in credit.

Cost

Your cost is the actuarial rate in effect at the time of payment. Refer to Appendix D—Calculating Actuarial Cost.

Application

Requires no special application. Request a *UBI Member Billing Statement* as described in Section IV.

You can request
a UBI “bill”
by calling our
800 number
and following the
phone prompts
anytime of
day or night.

■ ■ MATERNITY/PATERNITY/CHILD REARING TIME ■ ■

Eligibility

You may purchase up to five years of service credit if, for purposes of maternity, paternity, or child rearing, you either separated from Michigan public school or out-of-system public education service or reduced your hours of Michigan public school or out-of-system public education service.

Conditions

- You may purchase any fraction of a year increment.
- You cannot use the service in your pension calculation until you meet the minimum vesting requirements.
- Your employer must certify the date you separated or reduced hours.

Cost

Your cost is the actuarial rate in effect at the time of payment. Refer to Appendix D—Calculating Actuarial Cost.

Application

Submit an *Application to Purchase Maternity/Paternity/Child Rearing Credit* with a copy of your child's birth certificate or final adoption papers. (For more information on how to purchase service credit, refer to Section IV.)



■ ■ OUT-OF-SYSTEM PUBLIC EDUCATION SERVICE ■ ■

Eligibility

You may purchase up to 15 years of service rendered with a public school outside of this retirement system, anywhere in the U.S. or its territorial possessions. This includes K-12 schools, community colleges, or colleges and universities.

Conditions

- For service performed before July 1, 1974, you must purchase the entire amount certified; partial credit cannot be granted. For service on or after July 1, 1974, you may purchase any fraction of a year increment.
- You cannot use the service in your pension calculation until you meet the minimum vesting requirements.
- Your out-of-system public education service must be followed by at least five years of service within this retirement system.
- A match provision applies. You can't be credited for more than you earn in this system, as explained in Section II.
- You must relinquish all rights to a pension benefit based on your out-of-system service.



Cost

Your cost depends upon your dates of employment with the out-of-system public school.

Service performed before July 1, 1974. Your cost is based on your actual earnings in the *other* system and the contribution schedule in effect at that time in *this* system. On top of that, interest is charged for each year that has elapsed since you performed the service. We will calculate the cost for you if you submit an application (you will not be obligated to buy).

Service performed July 1, 1974, and after. Your cost is based on your highest previous school fiscal year's earnings while employed in this system (part-time wages will be equated to full-time), multiplied by 5 percent (.05) for each year of service purchased. To determine your highest previous school fiscal year's earnings, see Step 1 in Appendix D.

Application

Submit an *Application to Purchase Out-of-System Public Educational and Nonpublic Educational Service*. Follow the directions provided on the form. (For more information on how to purchase service credit, refer to Section IV.)

All service credit purchases must be completed while you are an active public school employee.

■■ ACTIVE DUTY MILITARY SERVICE ■■



*intervening
service*

*nonintervening
service*

Eligibility

You can receive credit for time you spend in active duty military service. There may or may not be a cost to you, depending on whether your active duty service occurred during (intervening) or outside of (nonintervening) your Michigan public school employment.

Your service is considered ***intervening service*** if you leave school employment, directly enter active duty in the U.S. armed forces, including reserve components, and return to employment in a participating public school within 24 months of discharge.

Nonintervening service is active duty service that does not interrupt your Michigan public school service. Periods of training are not considered active duty in nonintervening service.

Conditions

- You cannot receive credit for military service if you receive credit for the same service under another retirement system. However, this restriction doesn't apply if you will be eligible to retire from the federal government for service in the reserve component, or if your military retirement is based on a disability (in other words, it is not a regular age and service retirement).
- If you have both intervening and nonintervening military service, you can't be credited with more than six years combined.

- **Intervening:** You may receive up to six years of service credit at no cost if you leave school employment, directly enter active duty in the U.S. armed forces, including reserve components and periods of training, and return to Michigan public school employment within 24 months of discharge.
- You may use intervening military credit to satisfy your vesting requirements. You will, however, still need to have ten years of public school service before you can receive credit for other service credit purchases.
- **Nonintervening:** If your active duty U.S. military service did not interrupt your public school service, you can purchase up to five years of credit.
- Nonintervening military service may be purchased in any fraction of a year increment.
- You cannot use nonintervening military service in your pension calculation until you meet the minimum vesting requirements.
- MIP members retiring under the 60 with 5 provision are not eligible to purchase nonintervening active duty military service.

If you have both
intervening and
nonintervening
military service, no more
than six years of
combined service will be
credited.

Cost

There is no cost for intervening service credit.

If your military service was nonintervening, your cost is based on your highest previous school fiscal year's earnings while employed in this system (part-time wages will be equated to full-time), multiplied by 5 percent (.05) for each year of military service purchased. To determine your highest previous school fiscal year's earnings, see Step 1 in Appendix D.



Application

Submit an *Application for Military Service Credit* with a copy of your military discharge papers (DD214) showing entry and separation dates to ORS.

For copies of your military papers, write to: National Personnel Records Center, Military Personnel Records, 9700 Page Blvd., St. Louis, MO 63132-5100. You can obtain the request form online by visiting **http://www.archives.gov/research_room/vetrecs**.

■■ NONPUBLIC EDUCATION SERVICE ■■

Eligibility

You may purchase up to five years of service rendered with a qualified nonpublic school anywhere in the U.S. or its territorial possessions. Qualified nonpublic elementary or secondary schools are those that offer a course of academic study primarily oriented toward awarding high school diplomas. Nonpublic two- or four-year colleges or universities qualify if they offer an academic course primarily oriented toward awarding associate, baccalaureate, masters, doctoral, or other academic degrees.

Conditions

- You may purchase any fraction of a year increment.
- You cannot use the service in your pension calculation until you meet the minimum vesting requirements.
- Your nonpublic education service must be followed by at least five years of service within this retirement system.

Cost

Your cost is the actuarial rate in effect at the time of payment. Refer to Appendix D—Calculating Actuarial Cost.

Application

Submit an *Application to Purchase Out-of-System Public Educational and Nonpublic Educational Service*. (For more information on how to purchase service credit, refer to Section IV.)

■■ SABBATICAL LEAVE ■■

Eligibility

You may get credit for an authorized sabbatical leave of absence, as verified by the meeting minutes of the board granting approval of your sabbatical leave. Credit for a professional improvement leave of absence is not considered sabbatical leave. (If, however, your employer's current controlling board determines that your leave was intended as sabbatical and did, in fact meet the governing school board policy on sabbatical leaves, your professional improvement leave may be reconsidered as sabbatical leave. Such a determination by the current board must be reflected in its meeting minutes.)

Conditions

- For a sabbatical leave granted before October 30, 1980, you may receive credit at no cost if (1) you were employed by the board granting the leave for at least seven consecutive years immediately before the sabbatical; (2) you held a permanent or life certificate or you were teaching in a college maintained by the board granting the leave; (3) the leave was granted for professional improvement; and (4) the leave did not exceed two semesters. If you don't meet these conditions, your sabbatical leave may qualify as described on the following page.
- For a sabbatical leave granted on or after October 30, 1980, as well as sabbatical leaves granted before that date but which don't meet the conditions described, you may purchase credit if you (1) accrued at least five years of service credit with the employer

granting the leave, with at least one-tenth year of credit earned in each of the school's fiscal years immediately before the leave; (2) had no break in service and no leave of absence while accruing the five years of service credit before the leave; and (3) returned to the employer granting the leave and accrued one year of service credit following the leave.

- You may use sabbatical leave to satisfy your vesting requirements. You still need to have ten years of public school service before you can receive credit for other service credit purchases.

Cost

For sabbatical leave granted before July 1, 1981, the cost is 5 percent (.05) of your earnings in the school fiscal year just before the school fiscal year your sabbatical leave was granted, plus interest. Your employer pays this cost if the leave was granted during the noncontributory period; you pay the cost if the leave was granted during the contributory period.

For sabbatical leave granted July 1, 1981, or later, your cost will be 5 percent (.05) of your highest school fiscal year earnings (part-time wages will be equated to full-time) for each year or partial year you are buying. To determine your highest previous school fiscal year's earnings, see Step 1 in Appendix D.

Application

Submit an **Application to Purchase Sabbatical Leave Credit** with a copy of the board minutes granting your sabbatical leave. (For more information on how to purchase service credit, refer to Section IV.)

■ ■ STATE OF MICHIGAN SERVICE ■ ■

Eligibility

You can receive credit for your work as a state of Michigan employee. Your cost, if any, depends on when you performed the service and whether you were covered under the state's Defined Benefit plan or Defined Contribution plan.

Conditions

- No partial credit can be granted. Any purchase or transfer must be for all of your prior service with the state, or none can be credited.
- You may use this credit to satisfy vesting requirements.

Cost

Defined Benefit service before July 1, 1974. If you were a Defined Benefit plan member with service before July 1, 1974, your cost is based on your actual earnings in the *state* system and the contribution schedule in effect at that time in *this* system. On top of that, interest is charged for each year that has elapsed since you performed the service. If your contributions and accrued interest remain in the state's Defined Benefit plan, these funds will be applied to your cost and your *Member Billing Statement* will reflect only the balance due. We will calculate the cost for you if you submit an application (you will not be obligated to buy).



Defined Benefit service on or after July 1, 1974. If you were a Defined Benefit plan member, there is no cost for your state service earned from July 1, 1974, through December 31, 1986. For service performed on or after January 1, 1987, your cost as a MIP member is 1.5 percent of any state wages received after that date, plus 8 percent interest is charged for each year that has elapsed since you performed the service. If your state of Michigan service includes purchases that are creditable in this system, these purchases may be transferred, however, additional costs may apply. We will calculate the cost for you if you submit an application (you will not be obligated to buy). *Note:* Basic Plan members have no cost for post-1986 service because there are no additional MIP benefits to fund.

Defined Contribution service. Your cost is the actuarial rate in effect at the time of payment. The highest previous fiscal year earnings used to determine your actuarial percentage may be your school earnings, your state earnings, or, if higher, a combination of the two (part-time wages will be equated to full-time). Refer to Appendix D to learn how to calculate your actuarial cost.

Application

Submit an *Application for State of Michigan Service*. (For more information on how to purchase service credit, refer to Section IV.)

Our online benefit estimator is a great way to see how added service credit would affect your pension.

■■ WORKERS' COMPENSATION ■■

Eligibility

Full service credit will be given for periods during which you are receiving weekly workers' compensation benefits as the result of a duty-incurred disability.

Conditions

- Credit can be granted only as long as an employer-employee relationship exists.
- Credit is granted when you pay the costs, if any, for the hours you would have worked if you hadn't been receiving weekly workers' compensation payments.

Cost

Whether there is a cost depends on when you received the weekly workers' compensation payments. If you received weekly workers' compensation during the contributory period (before July 1, 1977), your cost will equal the amount of employee contributions that would have been made plus compound interest.

If you are a MIP member you must pay MIP contributions, plus compound interest, on weekly workers' compensation payments you received after January 1, 1987.

Application

Michigan public schools began reporting weekly workers' compensation payments to ORS beginning July 1, 1992. If you received workers' compensation payments after that date and the credit is not reflected on your annual member statement, contact your payroll office to verify that the service was reported to ORS. If it was not, your payroll office must take action to correct the service.

If you began receiving weekly workers' compensation before July 1, 1992, submit an *Application for Credit for Weekly Workers' Compensation*. Be sure to include all of the documentation listed on the application form. (For more information on how to purchase service credit, refer to Section IV.)



■■ COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA) ■■

Eligibility

Developed in 1973, CETA was a federally-funded program designed to help increase employment opportunities by offering job experience in public service programs. You must have been a CETA enrollee in a Michigan public school who became employed as a regular public school employee within 12 months of leaving CETA.

Conditions

- No partial credit can be granted. Any purchase or transfer must be for all of your prior CETA service, or none can be credited.



Cost

No cost to you.

Application

Generally, service credit is already granted for CETA service performed before May 3, 1976, and after October 1, 1978. If you are not sure whether you received credit for such service, contact ORS.

■■ ACT 88 – RECIPROCAL RETIREMENT ACT OF 1961 ■■

Eligibility

Act 88 - Reciprocal Retirement Act of 1961 allows you to combine service you may have earned with a Michigan governmental unit in order to qualify for a pension. Examples of a governmental unit include (but are not limited to) a city, township, village or county, commission or court, as well as Michigan public schools and universities that are not reporting units of this retirement system.

In general, Act 88 helps public servants who have worked either full- or part-time for more than one Michigan governmental employer, but perhaps fall short of pension eligibility with any or all of them. Combining years of service from multiple employers can help you *qualify* for a pension, but the other service won't count in the calculation of your pension amount.

Reciprocity works both ways. If, after serving as a public school employee for at least 3.5 years, you then go to work for a Michigan governmental unit within 15 years, you may be able to count your subsequent employment to meet the pension eligibility requirement. You would then be eligible for a pension based on your public school service at age 60.

You can find
applications
for most types of
service credit
under Forms &
Publications on the
ORS website.

Conditions

- You must have a minimum of 3.5 years of credited Michigan public school service.
- There cannot be more than a 15-year break in service between your governmental unit service and your public school service.
- Act 88 is only used when your Michigan governmental unit service, combined with your Michigan public school service, qualifies you for a pension you would not receive otherwise.
- Reciprocal service can count toward your vesting requirement, but is not included in your pension calculation.

Cost

Not applicable.

Application

Provide a letter from the governmental employer verifying your (1) dates of employment, and (2) hours per day.



■■ REPAYMENT OF REFUNDED CONTRIBUTIONS ■■

Eligibility

If you previously worked within the Public School Employees Retirement System and withdrew your contributions to the plan when you terminated your employment, you canceled the service credit associated with those contributions. As an active (working) member in a participating school, you can reinstate your canceled service credit by repaying the contributions you withdrew. When you repay a refund, you must also pay interest charges from the date of the refund to the date of payment in full.

Conditions

- If you were separated from public school employment for five years (60 months) or less, you must earn at least one year of service credit after your return before you are eligible to repay the refund.
- If you were separated from public school employment for more than five years (60 months), you must earn at least two years of service credit after your return before you are eligible to repay the refund.
- No partial credit can be granted. The entire refunded amount plus applicable interest must be paid in full before you retire or leave public school service, or no credit can be granted.

Cost

The full amount withdrawn, plus interest. Interest is charged for each year that has elapsed since you took the refund. We will calculate your cost for you upon receiving your request for a *Member Billing Statement* (you will not be obligated to buy).



Application

Request a *Member Billing Statement* as described in Section IV. Be sure to tell us that you need a *Refund Repayment* statement, and provide the years you worked and the date you took the refund. We will research your record and the *Member Billing Statement* will show you the amount you must repay to reinstate your service.

IV. How to Purchase Service Credit

In this section, we provide you with the specifics on how to initiate a service credit purchase and the three ways to pay for the service credit. Before you begin the process of purchasing service credit, be sure to do the research and find out what types are available for you to purchase. Section III details each service credit type.

Ask for an Application or a "Bill"

For most service credit types, you'll start with one of the application forms found on the ORS website.

If you're seeking to purchase UBI service or repay a refund, you don't need to complete an application form. Simply contact ORS by phoning the toll-free number and ask for a *Member Billing Statement* (see the inside back cover of this booklet for complete contact information). For a UBI, simply follow the menu prompts. We will need your full name and address, along with your social security number and daytime phone number. If you are repaying a refund, a customer service representative will walk you through the process. It is helpful to have your employment dates for the refund period.





member billing
statement

For service credit types with specific application forms (detailed in Section III), ORS will review your records upon receiving the completed application and any required documentation. We will check your eligibility and determine if the credit has no cost or if a purchase is necessary. If the credit has no cost, you will receive a letter stating the service credit type and amount being credited to your account. If you must purchase the service, you will receive a *Member Billing Statement*.

The **Member Billing Statement** outlines the type of service you can purchase, how much, the cost, and the due date. Although it is called a billing statement, you're not obligated to buy the credit, nor are you obligated to purchase by the due date shown. However, if you don't purchase the service credit reflected on your "bill" before the due date, you will have to request another billing statement with updated cost information.

Remember, service credit can never be purchased or granted after you have terminated your public school employment.



Purchasing by Direct Payment

If you wish to make a direct payment for any or all of the service credit reflected on your *Member Billing Statement*, prepare a check or money order payable to State of Michigan – ORS. Include your name and social security number on the remittance.

Send the check or money order with a copy of your *Member Billing Statement* to:

Office of Retirement Services

P.O. Box 30673

Lansing, MI 48909-8173

If you prefer to make your payment in person, please note that we can only accept payments at our main office in Lansing. Our representatives in Detroit cannot accept any payment.





TDP
tax-deferred
payments

Purchasing Through Tax-Deferred Payroll Deductions

You can request that payments for your service credit purchase be deducted from your wages. This payment method, called ***tax-deferred payments***, or ***TDP***, gives you an easy payment plan plus a significant tax break. The amount you authorize for deduction from your biweekly paycheck is not subject to income tax until you begin receiving your pension at retirement.

While the tax advantages are great, you should be aware that a TDP agreement, once initiated, is binding and irrevocable. This means that once you and your payroll officer have completed the enrollment process and deductions have begun, deductions cannot stop until the agreement is complete, or you terminate employment.

The IRS also mandates that you cannot have constructive receipt of the tax-deferred funds you use to purchase service credit. Once you establish a TDP agreement to purchase a set amount of service credit, payments must be made through payroll deduction only. You cannot have possession of the funds and then pass them to the retirement system; funds must pass directly from the employer to the retirement system.

Your employer must have agreed to participate in the TDP program. Check with your personnel office to see if you can use TDP to buy service credit.



Interest on TDP balances.

When you and your payroll officer sign a TDP agreement, your cost for the purchase is locked. It will not increase as your age, rate of pay, or years of service increases. However, once a TDP agreement has been in effect for a full year, any balance you carry past June 30 will be assessed interest, currently 8 percent.



INTEREST ON TDP BALANCES

Mary Jo set up an agreement to purchase \$7,000 of service credit when school began in 2004. No interest is added the next July because she hasn't had the agreement for a full year. On July 1 of 2006 her balance is \$5,000, and \$400 (8 percent of \$5,000) is added to it.

Note: The interest provision on TDP balances became effective January 1, 2004. Any TDP agreement established before then will not be assessed interest.

Deciding how much to have withheld.

The maximum allowable TDP deduction is your gross compensation, less any required deductions such as social security and Medicare, or other levies or garnishments. Your payroll office can help you determine your maximum deduction.

The minimum withholding per TDP agreement is \$50 a pay period. If you're not sure how much you want held out of your paycheck, remember that even if your financial circumstances change later, you can't decrease or stop your deduction. You can, however, increase your deduction on an ongoing basis whenever you wish.



You can also have multiple TDP deductions simultaneously. You may want to set up an agreement to purchase some of the service credit on your current billing statement, and then when you can afford it, initiate an additional agreement. To do so, you simply request an updated billing statement and then establish a new TDP agreement with your payroll office. Remember, though, that each new agreement has its own \$50 minimum deduction, and will be based on the cost in effect at the time the agreement is signed and approved.

There is no minimum or maximum time limit. Your TDP agreement can be for as few or as many pay periods as you wish. We encourage you to plan to have your purchase completed well in advance of retirement. It's also smart to reduce your balance as quickly as possible because of the interest that's added each year.

TDPs and 403(b) plan deductions.

TDP deductions do not count *as* 403(b) deductions nor do they count *against* 403(b) deductions. Since TDP deductions are taken before 403(b) deductions, however, they lower the amount of your compensation available to be contributed to 403(b) plans.

403(b) CONTRIBUTIONS AND TDP AGREEMENTS

Ms. Librarian works part-time, and wants to put as much of her \$20,000 annual salary as possible into her 403(b) account. In 2005, the maximum allowed by Congress is \$14,000 per year. She also has \$200 held out of her biweekly paychecks on a TDP agreement, for \$5,200 a year. From her gross wages of \$20,000, she subtracts \$2,000 (10 percent) for required deductions, then \$5,200 for her TDP agreement. That leaves her \$12,800. That's the most she can put into her 403(b)—less than the maximum allowed by law.



How to sign up for the TDP program.

If you decide to purchase any or all of the service credit shown on your *Member Billing Statement* through the TDP program, complete the TDP authorization form that accompanies your billing statement. Your payroll office can help you complete the form.

Return the agreement to your payroll office with a copy of your *Member Billing Statement* (be sure to keep copies for your records). The payroll officer will review, sign and date the form, and take action to begin your payroll deductions. Watch your pay stubs. It is your responsibility to ensure that the payroll deductions have started and are correct.

Be sure to watch
your paystubs
to ensure that your
deductions have
started.

Note: If you intend to purchase out-of-system or nonpublic education service from different employers, you can ask ORS to combine billings statements of a similar type before you initiate a TDP agreement. That way, you'll have one scheduled deduction with one deduction per pay period rather than multiple TDP agreements, each with a \$50 minimum deduction per pay period.

An important note about due dates.

The date your payroll officer signs the form is the effective date of the agreement. That date must be on or before the "due date" shown on your *Member Billing Statement*, or the agreement is invalid. If the due date has passed before your enrollment is completed, you must obtain an updated *Member Billing Statement* from ORS and complete a new TDP agreement form.

What to do if your employment changes.

Your TDP agreement remains valid while you are on unpaid leave or temporarily off payroll for any reason, as long as an employer-employee relationship exists. Your payroll office should resume your deductions when you return to work.

If you change your employer to another Michigan public school, you can sign a new agreement to continue the payments. The new agreement must be signed within 90 days after you have terminated with your previous employer to retain the service credit cost from your prior agreement. It is your responsibility to provide your new payroll office with a copy of your previous agreement.

If 90 days have passed, you'll have to set up a new TDP agreement. Ask ORS for a recalculated *Member Billing Statement* and complete a new agreement form as described earlier in this section.



If you leave public school employment with a TDP balance.

If, for some unforeseen reason, you find that you must leave public school employment before you're able to pay off your TDP balance, you have a few options for the remainder. How you handle it depends on whether you need the credit to qualify for retirement benefits.

- ***Get partial credit.*** Pro-rata credit will be granted for universal buy-in, military, maternity/paternity/child rearing, nonpublic education, and post-1974 out-of-system public education employment purchases completed before leaving employment (provided you are vested).

However, if you are using TDP to repay a refund or to purchase pre-July 1981 sabbatical leave, pre-1974 out-of-system public education service, state of Michigan service, or weekly workers' compensation, no partial credit can be granted. If you can't fully complete the purchase of the entire amount available before you terminate, you cannot be credited for any of these service types.

- ***Increase your scheduled deductions.*** You can increase your deductions each pay period, or request that all or part of any final compensation, such as accrued leave payoffs, be applied toward your purchase. For either option, contact your personnel office. Remember that required deductions such as social security and Medicare taxes are withheld from any final compensation first, so have your personnel office help you figure the net amount you have available.



- **Direct payment or plan-to-plan transfer.** You can make a direct payment, or you can “roll over” funds from a qualified retirement plan such as a 401(k) or 403(b) plan to pay off or pay down your TDP balance (see purchasing with a Qualified Plan-to-Plan Transfer). To apply a qualified plan-to-plan transfer or direct payment against your TDP balance, you must either: (1) have filed a retirement application, or (2) terminate your employment within 90 days of ORS receiving payment. It is also important to coordinate your payoff with ORS because your TDP balance changes with each pay date. An ORS customer service representative can help you determine your balance, explain the procedure to follow, and provide the necessary forms.

Purchasing With a Qualified Plan-to-Plan Transfer

A **qualified plan-to-plan transfer** is the process of moving money from a qualified (as defined by IRS) pretax investment account/retirement plan to another without incurring taxes or penalties on the money being transferred.

The IRS recently expanded these definitions, so now you can “roll over” money you have saved in most pretax retirement accounts and use it to purchase service credit. A qualified plan can be your 401(a), 401(k), 403(b), 457, as well as conduit IRAs (Individual Retirement Accounts) from any of these sources. A traditional IRA cannot be used to purchase service credit.



*qualified plan-
to-plan transfer*

How to request a plan-to-plan transfer.

If you decide to purchase any or all of the service credit shown on your *Member Billing Statement* by transferring from a qualified plan, request or download a *Qualified Plan-to-Plan Transfer Certification* form from ORS.

This form includes detailed instructions on how to initiate a plan-to-plan transfer. Complete and return it to ORS so that we know the dollar amount you intend to transfer to purchase service credit. It is then your responsibility to arrange with your plan administrator to send the rollover payment directly to ORS, following the instructions on the form.

Be sure to allow ample time for your plan administrator to transfer the funds. Some financial institutions take several weeks, or even months. This can result in an additional cost to you if the payment arrives after the due date. It's an even bigger headache if you've got your retirement date set—remember that we cannot accept any payment for service credit after you have terminated public school employment.

When ORS receives your qualified plan-to-plan transfer payment, you'll be issued a receipt and your retirement account will be updated with your service credit purchase.

Sending ORS
your plan-to-
plan transfer
certification form
only alerts us of your
intent. It is your
responsibility to
see that the funds
are sent by your
plan administrator.

Plan-to-plan transfers are handled between ORS and the investment institution holding your funds (your plan administrator) acting on your request. Your payroll office should not be involved.

Plan-to-plan transfers must be for the exact amount of the purchase.

Be sure that your plan administrator doesn't send more than the amount shown on your *Member Billing Statement*, because taxes and penalties could apply. If too much money is submitted, the excess funds will be returned to the institution holding the qualified plan, if possible; otherwise, the excess may be refunded to you, and taxes and penalties may apply.

Purchasing With a Transfer and a TDP

You can combine methods of payment to purchase service credit. However, if you plan to purchase some service credit using a plan-to-plan transfer and some through tax-deferred payroll deductions (TDP), complete the transfer *before* you enter into a TDP agreement. The TDP agreement can only be for the remaining service credit after the transfer is complete.

If you are terminating or retiring before your TDP agreement is paid in full, you may be able to apply a plan-to-plan transfer to your TDP balance. Contact ORS in this situation. We will help you determine the balance and complete the proper forms.



V.

Rounding Out Your Retirement Plans

You know how important it is to have a plan for your retirement years, and we don't just mean what kind of fish you're going to catch or what project you're going to take on. Everyone, regardless of age, should know how much money will be needed in retirement and have a plan for reaching that goal.



Just the fact that you're reading this booklet tells us that you have a plan and that you're working on your goals. It's also clear that you're thinking about ways to boost your retirement income. Here are a few other items you may not have considered.

Increasing your FAC.

You know that your pension is a factor of your service credit totals and your final average compensation, or FAC. This book centers on ways to increase the service credit factor in your pension calculation. You may also be interested how to boost your FAC. The best way, of course, is to accept that pay raise or promotion you deserve. Another is to work overtime or premium time.

For details on what counts and does not count in your FAC, ask for *Retirement Readiness: A Two-Year Countdown*.

Catch up on your deferred compensation.

Don't overlook your tax sheltered annuity (TSA) as a way to boost your income in retirement. Remind yourself of the tax advantages when you contribute to your account through regular payroll deductions. And refresh your knowledge of all the higher limits and additional incentives the law permits for savers age 50 and older.

Your FAC is not always your last 3 years. It is your 3 highest consecutive years of compensation.

The 3-legged stool.

A sound retirement is like a 3-legged stool. You can't depend on just your pension, any more than you can rely solely on savings and investments or just your social security in retirement. To be balanced, you need all three.

A typical person retiring at age 55 today should plan to live at least 30 more years. To retain the same purchasing power through 30 or more years of retirement, your income in retirement must increase each year to keep pace with inflation. You're likely to have higher medical expenses after you retire, too. While your pension and social security may have built-in annual increases, you'll be depending on savings to supplement any gaps.



That's one of the reasons we suggest you review your plan once a year to see if you're on target. Add up your retirement savings and deferred compensation funds, obtain a recent social security statement that estimates your benefit at retirement, and update your pension calculation. If you need to adjust your goals, or your plan, do it sooner rather than later.

VI. To Your Credit

We hope that after reading this booklet you have a better understanding of how service credit, both earned and purchased, affects your pension payment. We also hope you now have sufficient information to decide whether to enhance your pension by adding to your service credit, and if so, how to begin.

Please don't hesitate to contact us if you have any questions. The ORS vision—to provide complete and accurate information and exceptional service—is one we take very seriously.

For complete contact information, see At Your Service on the inside back cover of this booklet.



YOUR RESPONSIBILITIES

- **Read this booklet to understand how service credit affects your pension amount.**
- **Become familiar with the offerings on the ORS website, including the online benefit estimator.**
- **Review carefully the member statement ORS sends to you each year. Use it to verify the accuracy of your record, and keep it in a safe place.**
- **Do a yearly checkup on your progress toward retirement goals, and make adjustments as necessary.**
- **Keep ORS informed of any change in your name, address, or beneficiary.**

APPENDIX A: RETIREMENT AT A GLANCE

RETIREMENT AT A GLANCE		
RETIREMENT TYPE	AGE & SERVICE REQUIREMENTS	STRAIGHT LIFE FORMULA
Full Retirement - MIP	Age 46 with 30 years of service. Age 60 with 10 years of service. Age 60 and working with 5 years of service.	$FAC \times 1.5\% \times YOS$
Full Retirement - Basic	Age 60 with 10 years of service. Age 55 with 30 years of service.	$FAC \times 1.5\% \times YOS$
Early Reduced (MIP and Basic)	Age 55 and working with at least 15 years but less than 30 years of service.	Straight life pension MINUS 1/2% for each month before age 60.
Duty Disability Duty Death	No age or service requirements.	$FAC \times 1.5\% \times YOS$
Nonduty Disability MIP and Basic	Any age; 10 years of credited service.	$FAC \times 1.5\% \times YOS$
Nonduty Death - MIP	If under age 60, 10 years of credited service. If at least age 60, 5 years of credited service.	$FAC \times 1.5\% \times YOS$
Nonduty Death - Basic	If under age 60, 15 years of credited service. If at least age 60, 10 years of credited service.	$FAC \times 1.5\% \times YOS$

APPENDIX B: MIP-BASIC PLAN COMPARISON

Until 1974, both employers and employees contributed to the pension fund. It was then a contributory plan. By 1977 the system was funded entirely through employer contributions—a noncontributory plan known as the Basic Plan.

In late 1986 the Member Investment Plan (MIP) was introduced. This contributory plan provides more generous pension benefit options. Those who were Basic Plan members at the time could choose the MIP, which took effect January 1, 1987. Basic plan members again had the opportunity to select the MIP in the fall of 1991.

Public school employees newly hired after January 1, 1990, are in the Member Investment Plan. The most notable differences between the two plans are found in the opposite chart.

COMPARISON	MEMBER INVESTMENT PLAN	BASIC PLAN
Membership	Employees first hired on or after January 1, 1990. Employees who elected MIP during enrollment periods.	Employees who did not elect the MIP plan during the MIP enrollment periods.
Contributions	Yes	No
Eligibility	46 with 30 60 with 10 60 with 5 (with stipulations) 55 with 15 (with stipulations)	55 with 30 60 with 10 55 with 15 (with stipulations)
Nonduty death benefit eligibility	10 years if member under age 60 at time of death. 5 years if member 60 or older at time of death.	15 years if member under age 60 at time of death. 10 years if member 60 or older at time of death.
FAC period	36 months	60 months
Cost of actuarial-based service credit	Actuarial Cost Table	Actuarial Cost Table less 4%
Vesting	10 years 5 years if retiring under the 60 with 5 provision.	10 years

APPENDIX C: SERVICE CREDIT COSTS AND LIMITS

SERVICE CREDIT COSTS AND LIMITS		
TYPE	COST	LIMIT
Universal Buy-In (<i>anyone can buy</i>)	Actuarial cost	5 years, reduced by purchases of credit types eliminated from law as of 1/31/91
Maternity/Paternity/ Child Rearing Time	Actuarial cost	5 years
Nonpublic Educational Service	Actuarial cost	5 years
Out-of-System Public Educational Service	Pre-1974: Contributions plus interest Post-1974: 5% of highest previous fiscal year salary	15 years on a matching basis
Active Duty Military Service	Intervening: No charge Nonintervening: 5% of highest previous fiscal year salary	6 years 5 years (combination cannot exceed 6 years)
Sabbatical Leave	Pre-1981: Usually no charge Post-1981: 5% of highest previous fiscal year salary	No limit No more than 1 year creditable per sabbatical leave

APPENDIX C: SERVICE CREDIT COSTS AND LIMITS

SERVICE CREDIT COSTS AND LIMITS *Continued*

TYPE	COST	LIMIT
State of Michigan Civil Service - Defined Benefit Plan	Pre-1974: Contributions + interest Post-1987: MIP costs + interest	No limit
State of Michigan Civil Service - Defined Contribution Plan	Actuarial cost	No limit
Weekly Workers' Compensation	Pre-7/1/77: Contributions plus interest 7/1/77-12/31/86: No charge Post-1987: MIP costs plus interest	No limit
Comprehensive Employment and Training Act of 1973 (CETA)	No cost to member	No limit

APPENDIX D: CALCULATING ACTUARIAL COST

The cost for universal buy-in; maternity, paternity, child rearing time; and nonpublic education service credit is based on an actuarial formula. An actuarial cost helps keep the pension fund healthy because it takes the eventual pension payout into account. Because your pension payment will be based on your age, years of service, and highest wages, the actuarial cost formula is also based on these factors. In other words, the higher your age, years of service, and pay is, the higher your pension will be, and the higher your cost for purchasing service credit.

Your cost for each year purchased is a percentage of your highest previous school fiscal year earnings. That percentage is found in the Actuarial Cost Table, and is based on your age and number of years of service.

Step 1. Determine your highest previous school fiscal year earnings. The cost of actuarial credit is based on your highest wages on record earned during a school fiscal year (July 1-June 30). We call this your “highest previous.”

We will equate any part-time or partial year wages to a full-time, full-year wage for your service credit cost calculation. See How You Earn Service Credit in Section II to understand how this is done.

New or returning? If you had no wages in the immediately preceding fiscal year because you are new to, or returning to, public school employment, you must wait until July 1 (the start of the new school fiscal year) before applying for service credit. Here are some scenarios:

- You begin public school employment January 5, 2004.
The earliest you can apply to purchase service credit is July 1, 2004.
- You begin public school employment July 1, 2004.
The earliest you can apply to purchase service credit is July 1, 2005.
- You leave public school employment June 30, 1989. You return to employment on August 20, 2004.
The earliest you can apply to purchase service credit is July 1, 2005.

On leave? If you are on a sabbatical, military, or any other approved leave of absence, you can purchase credit based on your highest previous school fiscal year earnings assuming an employer-employee relationship still exists. If there is no employee-employer relationship, you'll have to reestablish a wage before you can initiate a purchase.

Laid off? If you have been laid off a year or less, you are considered to have an employer-employee relationship and can purchase credit based on your highest previous school fiscal year earnings. A layoff of more than a year requires an employer memo stating the employer-employee relationship is still in effect.

A deferred member? A deferred member is one who left public school employment after becoming vested for a pension but before he or she was old enough to draw a pension. If you are a deferred member returning only long enough to work the minimum in order to retire,

you can purchase service credit even though you don't have wages in the previous year. You'll be asked to sign a statement indicating your intent to retire. The wage used to calculate your cost will be the final average compensation (FAC) used to calculate your pension.

Step 2. Determine your years of service. Your years of service for cost calculation purposes includes all earned service, service already purchased, service that is purchased but is pending vesting, and service credit being purchased with TDP agreements as of July 1 of the year you are making the purchase.

For instance, let's say as of July 1, 2004, you have worked a total of 7.5 years. You have already purchased 2 years of military service, and you have an ongoing tax-deferred payment agreement for 1.5 years of maternity/paternity/child rearing service. The total years of service used to determine the actuarial cost of your purchase is 11 years (7.5 plus 2.0 plus 1.5).

Step 3. Determine your age. Use your age as of the beginning of the current school fiscal year. Remember, a school fiscal year runs from July 1 to June 30.

Step 4. Determine your actuarial percentage. In the Actuarial Cost Chart (following page), find the rate that applies to your age and years of service. If you're a Basic Plan member, deduct 4 percentage points from that rate before going to the next step.

Step 5. Do the math. Multiply the actuarial percentage rate by your highest previous school fiscal year earnings from Step 1. The result is your cost to purchase one year of service credit.

Section IV explains how to get an exact cost from ORS, and how to proceed with a purchase of any or all service credit you're eligible to buy.

Actuarial Cost Table

Effective January 1, 2004

Age	Years of Service			Age	Years of Service		
	0 - 9.9999	10-19.9999	20 and Over		0 - 9.9999	10-19.9999	20 and Over
Up to 24	10.5%	14.5%	18.5%	43	12.5%	16.5%	20.5%
25	10.7	14.7	18.7	44	12.5	16.5	20.5
26	10.9	14.9	18.9	45	12.5	16.5	20.5
27	11.1	15.1	19.1	46	12.5	16.5	20.5
28	11.3	15.3	19.3	47	12.5	16.5	20.5
29	11.5	15.5	19.5	48	12.5	16.5	20.5
30	11.7	15.7	19.7	49	12.5	16.5	20.5
31	11.9	15.9	19.9	50	12.5	16.5	20.5
32	12.1	16.1	20.1	51	12.5	16.5	20.5
33	12.3	16.3	20.3	52	12.5	16.5	20.5
34	12.5	16.5	20.5	53	12.5	16.5	20.5
35	12.5	16.5	20.5	54	12.5	16.5	20.5
36	12.5	16.5	20.5	55	12.5	16.5	20.5
37	12.5	16.5	20.5	56	12.5	16.5	19.5
38	12.5	16.5	20.5	57	12.5	16.5	18.5
39	12.5	16.5	20.5	58	12.5	16.5	17.5
40	12.5	16.5	20.5	59	12.5	16.5	17.0
41	12.5	16.5	20.5	60 & over	12.5	16.5	16.5
42	12.5	16.5	20.5				

Note: Percentage rate for Basic Plan member is 4 percentage points lower.

OTHER ORS PUBLICATIONS

The following publications are available on the ORS website, or you can email or phone ORS for a copy.

- ***Is There a Yacht in Your Future:*** This brochure introduces the MIP Plan to new public school employees.
- ***Your Retirement Plan: A Member Handbook.*** This plan overview is a useful reference at any stage in your career. It provides general information about your retirement plan, as well as suggestions for long-term retirement planning.
- ***Retirement Readiness: A Two-Year Countdown.*** For members who are within a few years of retiring. This book contains specifics on how pensions are calculated, the payment options, how to prepare for retirement, and the application process.
- ***After You Retire: What Every Pension Recipient Should Know.*** You will receive this booklet when you apply for your pension. It tells you what to expect, and how and when you should contact ORS after your retirement benefits begin.
- ***If You Become Disabled: Your Disability Protection.*** For members who are facing an illness or injury that prevents them from working. This brochure defines the criteria to receive a disability benefit and gives an overview of the application process.

Watch the ORS website for *Leaving Public School Employment: Effects on Your Pension*.

AT YOUR SERVICE



www.michigan.gov/ors



ORSCustomerService@michigan.gov



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Lansing, MI 48909-7671



(Payments only)
P.O. Box 30673
Lansing, MI 48909-8173



(800) 381-5111
Within Lansing (517) 322-5103



Main Office - Lansing
Walk-ins welcome
8:30 - 5:00

General Office Building
Corner of Harris Drive and Ricks Road
From I-96, take Exit 98 A-South Lansing Road. Turn north on Canal Road. ORS is in the 3-story brick building bordered by Canal Road, Ricks Road, Harris Drive, and Billwood Highway.



Outreach Office - Detroit
Phone (313) 456-4010 for appointment

Cadillac Place
3068 W. Grand Blvd., Suite 4-700
From I-75, take Exit 54-Clay Ave/E Grand Blvd. Head west on East Grand Blvd. for about 3/4 mile to Cadillac Place.



From I-94, take northbound US-10 (Lodge Freeway) to W Grand Blvd. exit. Proceed east 3 blocks on West Grand Blvd. to Cadillac Place.



State of Michigan
Office of Retirement Services
P.O. Box 30171
Lansing, MI 48909-7671